

TOP SECRET

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GENERAL**1. Cease-fire in Indochina seen first French objective at Geneva:**

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Ambassador Dillon believes that the French government's first objective at Geneva will be to find a basis for a cease-fire in Indochina.

In conversation with American representatives on 13 April, French officials indicated that they do not favor negotiations with the Viet Minh or evacuation from Indochina, but emphasized that there is strong public pressure in France for a cessation of hostilities.

They maintained that in Indochina, as in Korea, it is possible to have a cease-fire without a political settlement. As favorable factors they cited their belief that the Soviet Union is reluctant to have Indochina fall into Chinese hands or to risk a general war, that China fears American intervention, and that both the Vietnamese and the Viet Minh desire to limit Chinese influence in the area.

Comment: The Communists are believed to desire cease-fire talks--particularly if proposed by the French--which could be prolonged to the advantage of the Viet Minh. The Vietnamese are opposed to a cease-fire.

2. French officials see no treaty with Vietnam before Geneva:

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Commissioner General Dejean told Ambassador Heath's deputy on 13 April that in his opinion France will not sign the treaty of independence with Vietnam before the Geneva conference. Although both he and Vietnamese prime minister Buu Loc, who was also present, expressed hope that agreement could be reached,

Dejean pointed out that the French cabinet is divided on the question of Vietnam's role in the French Union.

French foreign minister Bidault, in discussing Vietnamese independence with Secretary Dulles on 14 April, referred to French statements of 1949 and 1953. He said that if some powers still remain to be transferred, this is because the Associated States have given little in return, especially in the military field.

Comment: Previous official comment in France and Indochina has been optimistic about the early signing of the treaties. Bidault has long held to the position that the Associated States should be given independence gradually and within the framework of the French Union.

French reluctance to sign the agreement before Geneva will strengthen the Communist charge that the Associated States have no justification for being considered sovereign.

FAR EAST

3. Party revolt may force Yoshida's early retirement:

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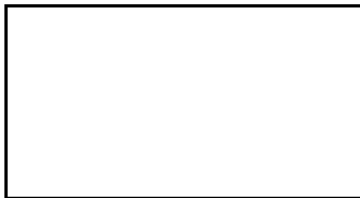
Japanese prime minister Yoshida may be forced to retire soon because of a "revolt" of substantial elements in his Liberal Party who are now openly opposing his leadership of the proposed new conservative party, according to Ambassador Allison. He notes that even if the Progressive Party accepts the merger proposals of the Liberals for simultaneous dissolution of both parties and a secret ballot, Yoshida's election as head of the new party is no longer certain.

Comment: So long as Yoshida retains control of the government, his power to dissolve the Diet and call for new elections remains a strong weapon in his hands. He is not likely to accept responsibility for the scandals by voluntarily resigning, as the Progressives would like, since he is not personally involved and many of the potential leaders of the new party are implicated.

SOUTHEAST ASIA

4. Enemy "smothering" tactics noted at Dien Bien Phu:

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A French clearing operation on 14 April north of Huguette positions five and two and Epervier four was stopped by Viet Minh mine fields and heavy artillery fire, according to the American army attaché in Saigon. French combat patrols must now aggressively reopen the approaches to Huguette one and six in order to resupply these positions, which are virtually surrounded by enemy entrenchments (see map, p. 6).

The attaché comments that the enemy encirclement of Huguette's northern positions is part of an anticipated "smothering" tactic to isolate or pinch off each French position individually.

Comment: Enemy entrenchments near French positions serve the double purpose of facilitating further large assaults and restricting the garrison's defense perimeter. The enemy is expected to concentrate on the latter tactic during a protracted siege should future large-scale attacks fail.

5. Infiltration of Vietnam army held steadily increasing:

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Viet Minh infiltration of lower and middle echelons of the Vietnam army is steadily increasing.

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at the army is also becoming more effective. Enemy propaganda aimed between 4 and 11 April a Vietnamese battalion in Annam went over to the Viet Minh, taking its arms and equipment.

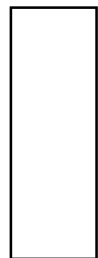
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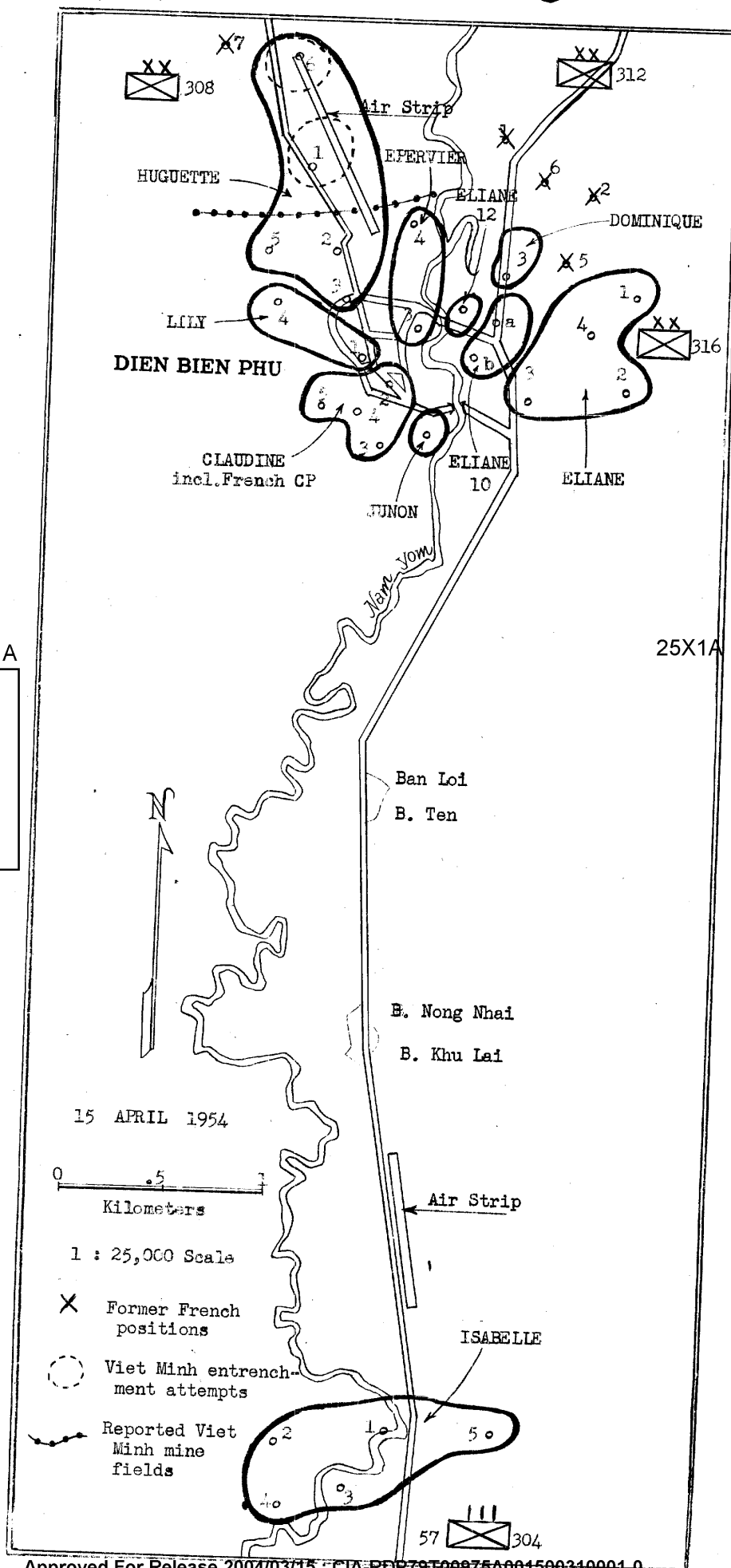
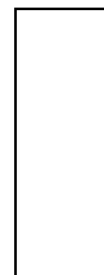
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NEAR EAST - AFRICA

6. Egyptian leader considers adopting anti-Western demagoguery:

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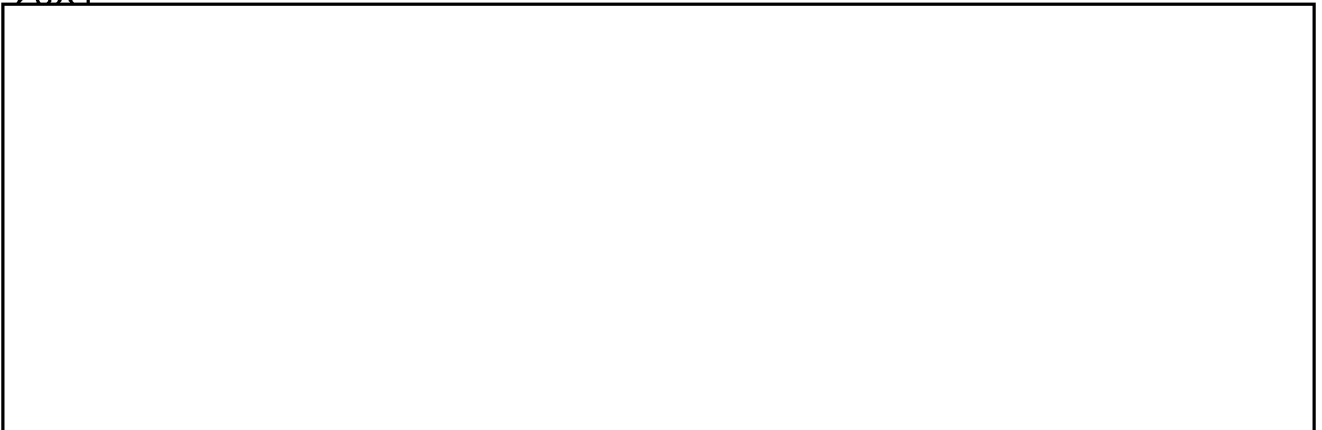
Ambassador Caffery believes that Colonel Nasr, strong man of the Egyptian military regime, may be on the verge of concluding that anti-Western demagoguery is the only

weapon left him in his present difficult political situation. Caffery notes that Nasr is being widely criticized as "an American tool."

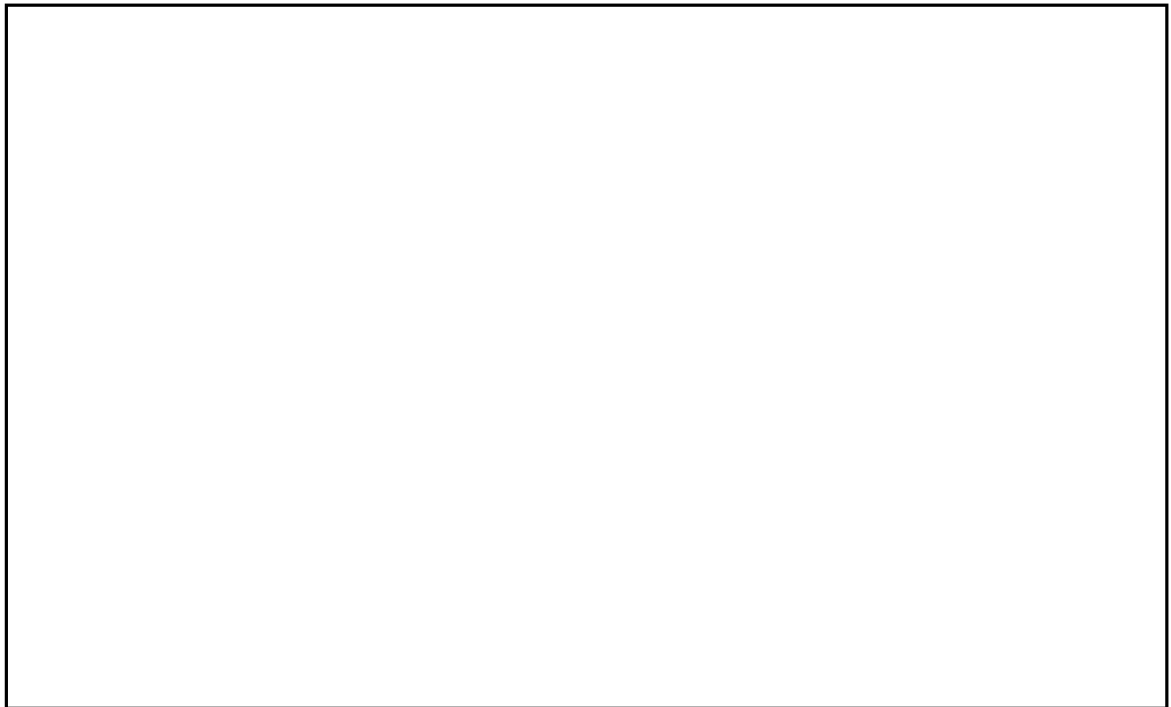
He feels that Nasr is seriously questioning the political feasibility of a policy of cooperation with the West, particularly since Nasr sees no indication of early progress in settling the Anglo-Egyptian dispute or in obtaining American economic assistance.

Comment: Other recent reports from Egypt have emphasized the possibility that if there is no progress on a Suez settlement, the Nasr regime might drift into an anti-Western position and feel forced to condone or support terrorist activity against the British. There have, however, been no estimates as to how imminent such developments might be.

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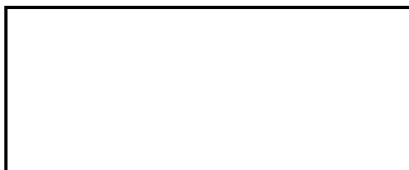
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WESTERN EUROPE

8. French cabinet agrees on 25 May for EDC debate:

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According to French NATO representative Alphand, the French cabinet has unanimously agreed that National Assembly debate on EDC will begin on 25 May, without preliminary debate of the assembly's preconditions.

Alphand also told Ambassador Dillon on 15 April that the Socialists' demand for "democratic control" will be met by a government statement of willingness to negotiate the question with the other EDC countries. Alphand said that this was satisfactory to Socialist leader Guy Mollet.

Comment: The government's decision should facilitate a French-German agreement on the Saar and on the manner in which the treaty protocols will be signed by West Germany.

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The time lag between the government's
communique and the time for the debate--while necessary to satisfy
Socialist demand for time to call a special congress--gives the oppo-
sition a chance to marshal its forces for a concentrated effort to
bring down the government.